

CPUC TELEPHONE SURCHARGE REPORTING AND PAYMENT FILING

(Rev. November 14, 2011)

Overview

All telecommunications carriers (carriers) authorized by the California Public Utilities Commission (CPUC or Commission) to operate in California are required to assess surcharges on their end-user Intrastate service revenue and to remit the monies so collected in accordance with the directions of the Commission:

What is meant by Intrastate Service Revenues?

“Intrastate” means a telecommunications service that originates and terminates within California. Generally, services subject to tariff (or formerly tariffed) with the CPUC are subject to California surcharges, whereas Interstate services, taxes and surcharges, and financial charges and fees, are not. Intrastate services that are subject to surcharges include, but are not limited to, residential or business line and any associated services, including:

- Call custom calling features,
 - o Such as Caller ID, Voice Store and Forward, Call waiting
- Voicemail,
- 2-way messaging,
- Private line service,
- 800/900 service, and
- Non-recurring charges
 - o Such as installation and connection charges

What Surcharges Need To Be Assessed?

1. California High Cost Fund A (CHCF-A)
2. California High Cost Fund B (CHCF-B)
3. California Lifeline (LifeLine)- (Formerly known as Universal Lifeline Telephone Service or ULTS)
4. California Teleconnect Fund (CTF)
5. Deaf & Disabled Telecommunication Program (DDTP)
6. California Advance Service Funds (CASF)

Are there surcharge reporting exceptions for certificated carriers?

Carriers must assess the surcharges on all of their service revenues for intrastate telecommunications services except for the following:

1. California LifeLine service revenue;
2. Charges to other certificated carriers for services that are to be resold;
3. Coin sent paid telephone calls (coin in box) and debit card calls;
4. Customer-specific contracts effective before 9/15/94;
5. Usage charges for coin-operated pay telephones;
6. Directory advertising; and
7. One-way radio paging.

What Are The Surcharge Rates?

Current and historical surcharge rates can be found at:

<http://www.cpuc.ca.gov/PUC/Telco/Consumer+Information/surcharges.htm>

Are VoIP Carriers Required to Submit Surcharges?

Yes. Interconnected VoIP service providers must collect and remit Universal Service Fees to California. An interconnected Voice over Internet protocol (VoIP) service is a service that:

- (1) Enables real-time, two-way voice communications;
 - (2) Requires a broadband connection from the user's location;
 - (3) Requires Internet protocol-compatible customer premises equipment (CPE); and
 - (4) Permits users generally to receive calls that originate on the public switched telephone network and to terminate call to the public switched telephone network.
- (47 CFR § 9.3)

Interconnected -VoIP service providers that do not have a registration number must obtain a registration number via the VoIP Provider Self Registration form.

What is the Process for Reporting and Remitting Surcharges?

Carriers shall report and remit surcharges using the CPUC Telecommunications and User Fees Filing System (TUFFS).

All certificated carriers must report and remit surcharges on a monthly basis, except for those that bill a *de minimis* amount of surcharges (the *de minimis* rule). The *de minimis* rule permits a carrier to report and remit all surcharges semi-annually on a cumulative basis covering a six-month period from January through June and from July through December. The *de minimis* rule applies to carriers whose average intrastate service revenues subject to surcharge are equal to or less than \$10,000 a month. Carriers that meet this criteria and wish to report and remit surcharges semi-annually may send an e-mail to telco_surcharge@cpuc.ca.gov including: the carrier's legal name, the 4-digit utility identification number assigned by the Commission, and a statement to the fact that the average intrastate service revenues subject to surcharge are equal to or less than \$10,000 per month. Qualified carriers can change to *de minimis* after reporting for the month of June or December. The *de minimis* period would start with January-June or July-December.

If not impacted by the *de minimis* rule, carriers are required to report even if total intrastate billings subject to surcharge are zero.

In the event that the total intrastate service revenues subject to surcharge exceed \$60,000 for carriers reporting under the *de minimis* rule, carriers must advise the CPUC and file monthly. It is up to the carrier to be aware that their reporting has changed and to notify the Commission of this change from semi-annually to monthly.

Carriers shall report the total intrastate service revenues subject to surcharge and all subsequent surcharges to the Commission.. For each of the telecommunications programs, the Surcharge Amount Due should include surcharges due for the reporting period.. If the surcharge amount due is less than one dollar (\$1), enter zero (\$0).

INSTRUCTIONS FOR REPORTING AND REMITTING CALIFORNIA PUC TELEPHONE SURCHARGES

Surcharge monies must be reported and remitted, no later than 40 days, following the close of the reporting period. Carriers that report and/or remit the surcharge monies after the due date must include a penalty equal to an annual rate of 10%. The penalty is to be assessed on the surcharge amount due, including any adjustments, starting from the 41st day after the close of the reporting period to the date that the carrier reports or surcharge monies are remitted, whichever is later.

Remittances must be made by electronic remittance of all five surcharges by ACH debit. Prior approval for each CPCN is necessary. For more information on the process, and to obtain approval to report and remit using the online system, please contact the Commission via e-mail at telco_surcharge@cpuc.ca.gov.

Additional instructions regarding how to use the online system to report and remit payments can be found in the TUFFS and EFT payment system user guides.

Verification and Revocation of Certificate of Public Convenience and Necessity

All reporting and payments are subject to audit verification by the Commission or Commission designee(s). As such, carriers are expected to maintain data for at least five (5) calendar years, unless specifically authorize otherwise by a CPUC order or a director's letter. Carriers should remit surcharges for each of the public programs identified in the Surcharge Table below.

Carriers that are 90 days or more in arrears on reporting and remitting surcharges may be subject to revocation of their authority to operate in California.